

## Message Text

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ACTION NEA-11

INFO OCT-01 ISO-00 PM-05 SP-02 SS-15 CIAE-00 INR-10  
NSAE-00 SSO-00 NSCE-00 INRE-00 H-01 OMB-01 TRSE-00  
L-03 /049 W  
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O 031815Z JUN 78  
FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC IMMEDIATE 9910  
INFO AMEMBASSY AMMAN  
AMEMBASSY ABU DHABI  
AMEMBASSY DOHA  
AMEMBASSY JIDDA  
AMEMBASSY KUWAIT  
SECDEF WASH DC

C O N F I D E N T I A L CAIRO 14226

E.O. 11652: GDS  
TAGS: MASS MARR EG XF  
SUBJ: FUNDING EGYPTIAN MILITARY AND MILITARY-RELATED  
PURCHASES

REF: STATE 130213

1. CHARGE AND DATT MET WITH MINWAR GENERAL GAMASY  
MORNING JUNE 3 TO DISCUSS REFTEL. CHARGE REVIEWED  
PARAS 3 AND 4 REFTEL, EXPLAINING THAT WE WISHED TO  
ASSURE MECHANISM WHEREBY PAYMENTS WOULD BE MADE ON  
TIME AND EFFICIENTLY. CHARGE NOTED THAT MOST IMMEDIATE  
REQUIREMENT WAS TO ASSURE PROPER FUNDING FOR F-5E  
PROGRAM AND THAT OUR SUGGESTIONS WERE DESIGNED SO THAT  
FINANCIAL QUESTIONS WOULD NOT INTERFERE WITH RAPID  
IMPLEMENTATION OF THIS PROJECT.

2. GENERAL GAMASY RESPONDED THERE WAS NO PROBLEM FROM  
EGYPTIAN STANDPOINT ON FUNDING. SAUDIS HAD GIVEN THEIR  
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ORAL APPROVAL TO FUND COST OF F-5 PROGRAM AND WOULD PUT  
THEIR APPROVAL IN WRITING AS SOON AS GAMASY SIGNED THE  
"CONTRACT" (LOA). ONCE EGYPT AND U.S. HAD REACHED  
AGREEMENT ON CONTRACT, EGYPT AND SAUDI ARABIA WOULD SIGN  
APPROPRIATE DOCUMENTS WHEREBY SAUDIS WOULD MAKE REQUIRED  
PAYMENTS IN ACCORDANCE WITH CONTRACT. EGYPT WOULD NOT  
IN ANY WAY BE INVOLVED IN THE FINANCIAL TRANSACTIONS

AND DID NOT WISH TO BE. WHEN PAYMENTS WERE DUE, SAUDIS WOULD MAKE THEM. WHATEVER ARRANGEMENT SAUDIS MADE, WHETHER BY LETTER OF CREDIT OR THROUGH ACCOUNT IN U.S. COMMERCIAL FINANCIAL INSTITUTION, WAS ENTIRELY UP TO SAUDIS. GAMASY DID NOT WANT FUNDS TO PASS THROUGH EGYPTIAN HANDS; HE WAS QUITE FIRM IN MAKING THIS POINT (COMMENT - NO WONDER\*)

3. CHARGE EXPLAINED THAT PROCEDURES WORKED OUT BETWEEN THE THREE COUNTRIES WOULD NEED TO BE FORMALIZED THROUGH EXCHANGES OF DIPLOMATIC NOTES, WHICH WOULD INCORPORATE INSTRUCTIONS FOR BILLING AND METHODS OF PAYMENT. GAMASY ASSURED US THAT THIS WOULD BE QUITE AGREEABLE TO EGYPT. CHARGE NOTED THAT SINCE EGYPT WOULD BE SIGNING LOA, IT HELD THE ULTIMATE RESPONSIBILITY FOR PROPER AND TIMELY PAYMENTS. GAMASY RESPONDED THAT HE WAS AWARE OF THIS FACT, BUT REPEATED FUNDING WAS NO PROBLEM SINCE SAUDIS WERE FULLY COMMITTED TO MAKING NECESSARY PAYMENTS.

4. GAMASY EMPHASIZED HIS DESIRE TO GET F-5 PROGRAM MOVING AHEAD RAPIDLY AND SAID HE WANTED TO SIGN THE "CONTRACT" DURING HIS VISIT TO WASHINGTON NEXT WEEK. HE WILL BE PREPARED TO REVIEW FUNDING ARRANGEMENTS AND REQUIREMENTS IN WASHINGTON. DURING THIS DISCUSSION ON FUNDING GAMASY LIMITED HIS COMMENTS TO F-5 PROGRAM, ALTHOUGH IMET TRAINING AND E-1 PACKAGE CAME UP LATER  
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IN MEETING.

5. COMMENTS: (A) GAMASY WAS QUITE CONFIDENT SAUDIS FINANCING WAS ASSURED. (B) EGYPTIANS ARE LEAVING IT UP TO SAUDIS TO SET UP ARRANGEMENTS FOR PROPER AND TIMELY PAYMENTS. (C) ALTHOUGH GAMASY RECOGNIZES IN PRINCIPLE EGYPT'S ULTIMATE RESPONSIBILITY FOR SUCH PAYMENTS, HE LEAVES IT UP TO U.S. AND SAUDIS TO MAKE SURE THERE ARE NO HITCHES. (D) FUNDING FOR MILITARY PURCHASES OTHER THAN F-5'S HAS PROBABLY NOT YET BEEN ARRANGED BY EGYPTIANS. (E) GAMASY EXPECTS TO SIGN LOA ON F-5' IN WASHINGTON EARLY NEXT WEEK AND EMBASSY HOPES THIS WILL BE POSSIBLE. ANY REMAINING QUESTIONS ON FUNDING CAN BE DISCUSSED AT THAT TIME. MATTHEWS

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MILITARY ASSISTANCE, MILITARY SALES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 03 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Subject:** FUNDING EGYPTIAN MILITARY AND MILITARY-RELATED PURCHASES  
**TAGS:** MASS, MARR, EG, XF  
**To:** STATE  
**Type:** TE  
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